

**STATE OF RHODE ISLAND - DIVISION OF TAXATION
ENTERPRISE ZONE LENDER'S INTEREST INCOME CREDITS
REGULAR OR SPECIAL REHABILITATION LOANS**

For Calendar 2002 or

For fiscal years beginning _____, 2001 and ending _____, 2002

Taxpayer/Lender name

S.S. # or F.E.I. #

Taxpayer address- number and street
zip

city

state

Name of Certified Business

Cert. Bus. FEI#

Cert. Bus. Address - number and street

Year certified

Cert. Bus. Address - City state zip

Loan number

Type of loan

Rehab. project #

TAXPAYER/LENDERS MUST SUBMIT 1 FORM FOR EACH LOAN TO A CERTIFIED BUSINESS.
THE MAXIMUM CREDITS ARE \$10,000 PER YEAR FOR REGULAR LOANS AND \$20,000 PER YEAR
FOR SPECIAL REHABILITATION LOANS.

PART 1 - REGULAR INTEREST CREDIT:

- A. Enter the amount of interest earned and paid from the loan to the
certified business above \$ _____
- B. Multiply Line 1A by 10% and enter result here \$ _____
- C. Enter total of all other Interest Credit forms' Lines 1B here \$ _____
- D. Total all regular interest credits but not more than \$10,000.
Enter here and on the credits line of your RI tax return. \$ _____

PART 2 - SPECIAL REHABILITATION LOAN INTEREST

- A. Enter the amount of interest earned and paid from the
loan to the certified business above \$ _____
- B. Enter total of all other special rehabilitation interest
amounts here \$ _____
- C. Total all regular interest credits but not more than \$20,000.
Enter here and on the credits line of your RI tax return. \$ _____

Documentation: It is the responsibility of the lender to obtain a copy of the current certification given to the qualified business by the Enterprise Zone Council. A lender claiming either/both tax credits must compute the FORM RI ZN-04 and attach to the Rhode Island tax return (on which the credit(s) is (are) claimed) a photocopy of the certification given to the qualified business evidencing its status for a specific year. Additionally, as evidence of the interest paid by the qualified business, the lender must attach a photocopy of the Federal information form 1099-INT filed with the Internal Revenue Service. A lender claiming the special rehabilitation credit must attach copies of not only the certification given to the qualified

business evidencing its status for a specific year but also the certification of the rehabilitation project by the Enterprise Zone Council.

Form RI ZN - 04

2002

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REGULAR OR SPECIAL REHABILITATION LOANS**

General: REGULAR LOAN INTEREST INCOME CREDIT: A taxpayer is allowed a 10% credit against taxes due under chapters 11, 13, 14, 17 or 30 of title 44 for interest earned on loans made to qualified businesses in the zone, after the effective date of designation of the zone. The interest must actually have been paid by the qualified business and received and treated as income by the lender to qualify for the credit.

SPECIAL REHABILITATION LOAN INTEREST INCOME CREDIT: A taxpayer is allowed a 100% credit against taxes due under chapters, 11, 13, 14, 17 or 30 of title 44 for interest earned on loans made to qualified businesses for rehabilitation of Council certified industrial or commercial property after the effective date of designation of the zone for use on construction, expanding or rehabilitation of industrial or commercial real property if the amount of the loan is a minimum of 25% of the basis of the real property.

"Qualified business" or "Business facility" means any business corporation, sole proprietorship, or partnership which after the effective date of zone designation pursuant to selection 42-64.3-4 creates new or additional jobs and meets certain requirements as set forth by the Council and has received certification and annual recertification from the Council pursuant to the rules and regulations promulgated by the Enterprise Zone Council.

Documentation: It is the responsibility of the lender to obtain a copy of the current certification given to the qualified business by the Enterprise Zone Council. A lender claiming either/both tax credits must compute the Form RI ZN-04 and attach to the Rhode Island tax return (on which the credit(s) is (are claimed) a photocopy of the certification given to the qualified business evidencing its status for a specific year. Additionally, as evidence of the interest paid by the qualified business, the lender must attach a photocopy of the Federal information form 1099-INT filed with the Internal Revenue Service. A lender claiming the special rehabilitation credit must attach copies of not only the certification given to the qualified business evidencing its status for the specific year but also the certification of the rehabilitation project by the Enterprise Zone Council.

Limitations: These tax credits shall not offset any tax liability in taxable years other than the year in which the taxpayer qualifies for the credits and amounts of unused credits may not be carried forward to any other tax years. The credits shall not reduce the tax below the minimum tax and are not refundable. The credits shall be used to offset tax liability of only one of the chapters of title 44 above. The maximum credit per taxpayer for regular loans to qualified businesses is \$10,000 per taxable year and has no carryforward. The maximum credit for interest on special rehabilitation loans is \$20,000 per taxpayer per year and has no carryforward. The maximum credit for regular loans to qualified businesses and the maximum credit for interest on special rehabilitation loans is computed separately.

Dividing the credits: For those lenders eligible for these credits and which are partnerships, etc. filing pursuant to Title 44, Chapter 30 RIGL or those corporations which are filing pursuant to Title 44, Chapter 11, RIGL and for which a valid federal Subchapter S election has been made, the credits may be passed through from the business and be applied against the Rhode Island personal income tax liability of the individual partners or shareholder.